

## **FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
City Light	Mike Little 684-3233	Greg Shiring 386-4085

### **Legislation Title:**

AN ORDINANCE relating to the City Light Department; authorizing the execution and potential amendment of a Regional Energy Efficiency Initiative Agreement with the Northwest Energy Efficiency Alliance.

### **Summary of the Legislation:**

This legislation will provide City Light's General Manager and Chief Executive Officer, or his designee, the authority to execute and potentially amend a Regional Energy Efficiency Initiative Agreement with the Northwest Energy Efficiency Alliance (NEEA). The agreement spells out the terms and conditions under which City Light would fund and NEEA would deliver cost-effective energy savings consistent with its 2015-2019 Business Plan. City Light would provide total funding of \$6,167,825; annual funding would amount to \$1,233,565. City Light's 2015-2016 budget submittal includes \$1,679,454 in 2015 and \$1,719,854 in 2016 for the Regional Energy Efficiency Initiative Agreement. Because City Light's authority to purchase power, including energy savings, is limited to a time period of two years, we are seeking the authority to enter into this agreement. Additionally, we are seeking the authority to amend the agreement for dollars as NEEA may offer additional emerging technology or energy saving opportunities beyond the current scope and funding commitment outlined in the Regional Energy Efficiency Initiative Agreement.

### **Background:**

Energy conservation continues to be City Light's first priority energy resource, and City Light continuously seeks out innovative ways to partner with its customers, trade allies, and regional partners to meet its energy savings targets. City Light traditionally provides financial incentives directly to its customers to overcome barriers to investing in cost-effective energy conservation, and under its current program design, that typically involves a single up-front payment once conservation measures have been installed, inspected and the energy savings verified.

The Northwest Energy Efficiency Alliance delivers cost-effective energy savings with a different approach. Instead of paying incentives to end-use customers, NEEA works with the supply chain to increase the availability of energy-efficient and emerging technologies that can only reach scale across a large geographic region and through a collaborative approach. NEEA's upstream approach could include retailers, distributors, suppliers, manufacturers or a combination of any of these market players providing technology to the residential, commercial or industrial markets. And, incentives paid upstream are typically smaller, more cost effective, and have a longer lasting impact on the market than the one-time incentive paid to end-use

customers.

NEEA is an alliance of more than 140 Northwest utilities and energy efficiency organizations working on behalf of more than 13 million energy consumers. NEEA leverages its strong regional partnerships to effect market transformation by accelerating the adoption of energy-efficient products, services and practices. Since 1997, NEEA and its partners – including Avista Utilities, Bonneville Power Administration, Chelan County PUD, Clark Public Utilities, Cowlitz PUD, Energy Trust of Oregon, Northwestern Energy, Pacific Power, Puget Sound Energy, Snohomish County PUD, Tacoma Power and Seattle City Light – have saved enough energy to power more than 700,000 home each year. During calendar year 2012 and 2013, NEEA delivered 64,150,000 kWh of savings to City Light or 25% of very cost-effective energy savings secured for the utility during that time period; these savings assisted SCL in exceeding its I-937 target.

City Light is currently represented on NEEA's Board of Directors by Mike Jones, Power Supply and Environmental Affairs Officer.

City Light's current authority for agreements to purchase energy, interpreted to include acquiring energy conservation savings, is limited to two years. This agreement spans a five-year period and with this Ordinance, City Light is seeking authority to enter into this agreement with NEEA.

Since this has been an ongoing financial commitment, City Light anticipated this Agreement and has submitted a 2015-2016 budget to meet our funding commitment. Additionally, this budget provides sufficient authority to undertake any additional emerging technology or energy saving opportunities up to the endorsed budget. However, within the body of the Agreement and under the Exceptions to Funding Commitments, City Light would not be obligated to provide such funding without the budget approval by the City Council.

Please check one of the following:

☐ This legislation does not have any financial implications.

☒ This legislation has financial implications.

#### **Other Implications:**

**a) Does the legislation have indirect financial implications, or long-term implications?**

This legislation does have indirect financial implications and long-term implications in that this is a five-year agreement and City Light will need to budget for this Agreement. City Light has anticipated this agreement and the 2015-2016 budget reflects this need. However, this legislation does not require additional appropriations as a direct result of this legislation, does not reflect any revenue/reimbursement, or have any staffing-related impacts associated with the Agreement.

**b) What is the financial cost of not implementing the legislation?**

There is not a direct financial cost associated with not implementing the legislation. There is an indirect cost of not meeting City Light's I-937 energy conservation target and this Agreement assists the utility in meeting that target. In RCW 19.285 that relates to I-937, a utility that fails to meet its energy conservation target shall pay an administrative penalty in the amount of \$50 (2007 dollars) per megawatt-hour of shortfall. The penalty is adjusted annually to reflect inflation. City Light relies on NEEA to deliver energy savings that assist in meeting the energy conservation target. During the 2012-2013 biennium, NEEA delivered 25% of total energy savings to the utility and this assisted in exceeding the I-937 target.

**c) Does this legislation affect any departments besides the originating department?**

No

**d) What are the possible alternatives to the legislation that could achieve the same or similar objectives? None**

**e) Is a public hearing required for this legislation?**

No

**f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No

**g) Does this legislation affect a piece of property?**

No

**h) Other Issues:**

**List attachments to the fiscal note below:**